

12 May 1980

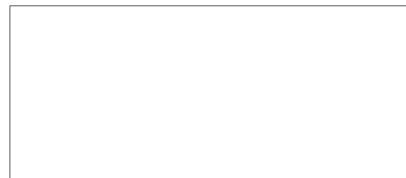
MEMORANDUM FOR THE RECORD

SUBJECT: SES compensation and Bonuses

1. The undersigned contacted Ron Ardley, OPM Executive Manpower, on 12 May 1980 to clarify the Causey articles, "Lobbying Saves Executive Bonuses," 9 May 1980, and the Monday, 12 May item on NASA bonuses. Copies of these articles are attached.
2. Ardley stated that the House is primarily concerned with reducing the amount of SES bonuses to \$10,000 as an inflation-fighting budget-balance effort. House Committee has approved limiting total SES compensation (basic salary, awards and stipends) to \$60,662.50, the current rate established for Executive Level II, members of the House and Senate. Ardley did not know when the Senate would take up this issue; however, he believed there is less concern. After Senate Committee and joint Committee action, Congressional passage is required. This specific action applies to FY-80, although Ardley believed that it could be extended to FY-81; however, that was pure speculation. Ardley feels that the \$10,000 - \$60,662.50 limit is a compromise that OPM/OMB can live with versus the original House proposal of dropping SES bonuses completely. This action, if passed, will have an impact on the 20% bonus recipient nominated for a stipend. Ardley assumed he might get a pin, certificate, and handshake and would be about all.
3. Of the 240 awards presented by NASA, Ardley believed this represented about 50% of their SES corps.

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Attachments



B2 THE WASHINGTON POST

Friday, May 9, 1980

The Federal Diary

By Mike Causey

Lobbying Saves Executive Bonuses

Intensive lobbying by the right people yesterday morning saved—at least temporarily—the government's fledgling executive bonus program from death by budgetary strangulation.

After some VIP calls and letters, the House Appropriations Committee agreed to let the government give a limited number of bonuses, worth up to \$10,000, to the best career bureaucrats in the Senior Executive Service.

Although the \$10,000 limit is a "cap," it represents a 100 percent improvement over the suggestion of a subcommittee that wanted to ban all SES bonuses this year. The SES is the elite corps of career and political executives created by President Carter's civil service reform act.

When Congress approved the SES, the idea was to give bonuses and special pay rates to executives who traded in much of the tenure and job security of the civil service. But Congress then whittled back promised pay raises for the executives, who are mostly at the top civil service range of \$50,000. Then the powerful purse-strings appropriation committee prepared to kill off all bonuses this year.

Congress originally approved payment of agency bonuses worth up to 20 percent of salary, plus two categories of presidential-level career bonuses of up to \$20,000 for a few outstanding executives.

The \$20,000 bonuses promised disappeared when Congress said that no career civil servant could earn more than a member of the Senate or House (just over \$60,000 a year) in total compensation.

Administration brass were prepared to live with "watered-down" \$10,000 bonuses. But the alarm bells sounded this week when it was learned the Appropriations Committee might eliminate all bonuses.

Ill.) and Chris K. Udall (D-Ariz.) got into the act. They used the old-boy, "dear colleague" approach to salvage the bonus concept. Hanley chairs the Post Office-Civil Service Committee. Udall and Derwinski are ranking members, and used their influence with Democrats and Republicans to rally probonus sentiment. Rep. Bill Ford (D-Mich.), heir-apparent to the committee chair when Hanley retires, called in some prolabor IOUs too. And President Jimmy Carter got on the Capitol Hill hotline, sources say, to ask that his SES be given a chance to prove itself.

Carter also dispatched budget director James McIntyre Jr., and Alan K. Campbell of the Office of Personnel Management, to drum up save-the-bonus sentiment. McIntyre is close to Carter, and Campbell is Carter's expert on the bureaucracy. They argued that eliminating bonuses would damage, maybe wreck the SES. And they said it would amount to a breach of contract with the thousands of career civil servants who volunteered for the high-risk, high-reward service.

If the "limited" \$10,000 bonuses are upheld by the House and the Senate, SES will be able to deliver one of the few financial incentives Congress and the White House promised when they created it. If the bonuses are lost—and the dollar amounts are, relatively speaking, peanuts—a major chunk of the much-touted civil service reform act will go down the tubes.

Performance Appraisals: Carter administration aides are prepared to walk barefoot over hot coals May 13 and 15. That is when they go before the Civil Service subcommittee headed by Rep. Patricia Schroeder.

The subject of the hearings—with union officials also testifying—are controversial new performance appraisal systems being worked up by federal agencies. Ratings that people get will determine pay raises, promotions or whether they join the ranks of the unemployed.

Schroeder says the system is the backbone of bureaucratic management. If the appraisals are fair and just, she said, everybody will benefit. If not, she predicts the Senior Executive Service will become "a bastion of politicization, and the merit pay system will be a cruel fraud."

Executive Bonuses: National Aeronautics and Space Administration approved bonuses worth \$1.3 million for 240 career officials of its Senior Executive Service. The awards for superior service range from 5 percent to 20 percent of salary, and were approved by a nine-member review board of NASA. Most of the executives earn about \$50,000.

Other federal agencies will give bonuses this year under new authority granted by President Carter's civil service reform act.

... managing editor of